



**RIPLEY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-101
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ripley, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ripley County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The Ripley County hospital was not tracking the balance of a \$2 million liability to the Internal Revenue Service for payroll taxes. The Hospital Administrator was reimbursed for his personal tax refunds that were applied to a penalty assessed by the IRS. The hospital had no documentation to support the payments nor did they have a complete understanding of the penalties and their relationship to the liability. In addition, the Hospital Administrator paid himself \$1,000 for reimbursement of medical expenses, however, there was no documentation of board approval. Further, numerous payroll advances were paid to hospital employees which appear to violate Article VI, Section 23 of the Missouri Constitution. Several thousand dollars of these had been outstanding for some time.
- Improvements are needed with the property tax system controls and procedures. In addition, the County Clerk does not prepare the current or back tax books or maintain an account book with the County Collector and controls over property tax additions and abatements are not adequate.
- Documentation was not maintained by the county to support situations in which the low bid was not accepted, and sole source procurement was not always documented by the county for various expenditures. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department.

(over)

YELLOW SHEET

- In late December of both 2002 and 2001, the County Commission amended various county budgets to reflect increased expenditures for the year. Prior to the amendment of these budgets, expenditures had already exceeded the original budget.
- Numerous problems were noted relating to both the current and former Prosecuting Attorneys' accounting controls and procedures. Weaknesses included inadequate segregation of accounting duties and controls over receipts, the failure to make deposits timely and intact, and not remitting bad check fees to the County Treasurer monthly. Additionally monthly bank reconciliations were not prepared, liabilities were not reconciled to cash balances and there was no follow up on old outstanding checks.

Also included in the audit were recommendations related to the hospital's budgetary practices and published financial statements, the county's federal awards, personnel policies and procedures, and general fixed assets. The audit also suggested improvements in the procedures of the Sheriff, County Collector, Circuit Clerk, Associate Circuit Court, Health Center, Senior Citizen Services Board, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.state.mo.us

RIPLEY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 3, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ripley County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J Kremer, CPA
Audit Manager:	Pamela Crawford, CPA
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Jay, Ross
	Troy Royer
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ripley County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Ripley County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

RIPLEY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 418,165	550,221	532,853	435,533
CART	130,711	489,306	520,511	99,506
Assessment	46	117,106	116,741	411
Law Enforcement Training	733	2,073	1,647	1,159
Prosecuting Attorney Training	190	368	248	310
Law Enforcement Sales Tax	276	595,780	594,897	1,159
Children's Trust	0	628	628	0
Crisis Intervention	1,623	1,538	1,521	1,640
Domestic Violence	806	1,038	1,251	593
Prosecuting Attorney Bad Check	3,080	11,460	7,335	7,205
Prosecuting Attorney Delinquent Tax	2,903	2,122	4,088	937
Prosecuting Attorney Retirement	210	4,397	4,500	107
Recorder's User Fees	21,096	12,797	10,403	23,490
Sheriff Civil Fees	16,942	11,224	20,449	7,717
Community Development Block Grant-Caring Communities	500	115,099	115,099	500
Community Development Block Grant-Public Water Supply District # 2	500	4,825	5,325	0
Election	1,523	38,836	40,274	85
Election Services	4,267	2,632	214	6,685
Senior Citizens	7,334	34,251	34,709	6,876
Health Center	204,695	398,029	376,788	225,936
Senate Bill 40 Board	62,480	67,647	62,333	67,794
Law Library	4,290	7,550	4,990	6,850
Circuit Interest	1,471	687	1,698	460
Tax Maintenance	0	892	122	770
Total	\$ 883,841	2,470,506	2,458,624	895,723

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RIPLEY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 372,202	555,309	509,346	418,165
CART	134,186	426,577	430,052	130,711
Assessment	2,691	120,907	123,552	46
Law Enforcement Training	2,698	2,208	4,173	733
Prosecuting Attorney Training	334	362	506	190
Law Enforcement Sales Tax	17,285	528,780	545,789	276
Children's Trust	0	633	633	0
Crisis Intervention	1,256	2,263	1,896	1,623
Domestic Violence	0	806	0	806
Prosecuting Attorney Bad Check	2,097	8,822	7,839	3,080
Prosecuting Attorney Delinquent Tax	326	3,245	668	2,903
Prosecuting Attorney Retirement	100	4,610	4,500	210
Recorder's User Fees	11,970	9,126	0	21,096
Sheriff Civil Fees	9,671	14,779	7,508	16,942
Community Development Block Grant-Caring Communities	0	60,500	60,000	500
Community Development Block Grant-Public Water Supply District # 2	500	2,971	2,971	500
Election	1,703	13,780	13,960	1,523
Election Services	2,247	2,020	0	4,267
Senior Citizens	6,081	35,401	34,148	7,334
Law Enforcement Block Grant	0	2,067	2,067	0
Health Center	209,122	365,864	370,291	204,695
Senate Bill 40 Board	52,621	70,687	60,828	62,480
Law Library	4,430	6,877	7,017	4,290
Circuit Interest	712	826	67	1,471
Total	\$ 832,232	2,239,420	2,187,811	883,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,465,569	2,469,614	4,045	2,176,258	2,239,420	63,162
DISBURSEMENTS	2,680,621	2,458,502	222,119	2,302,949	2,187,811	115,138
RECEIPTS OVER (UNDER) DISBURSEMENTS	(215,052)	11,112	226,164	(126,691)	51,609	178,300
CASH, JANUARY 1	883,540	883,841	301	832,106	832,232	126
CASH, DECEMBER 31	668,488	894,953	226,465	705,415	883,841	178,426
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	225,000	219,021	(5,979)	215,000	220,555	5,555
Intergovernmental	95,725	115,339	19,614	94,375	127,740	33,365
Charges for services	126,772	138,016	11,244	114,260	124,649	10,389
Interest	25,000	26,415	1,415	20,000	27,647	7,647
Other	29,390	38,430	9,040	28,510	40,768	12,258
Transfers in	13,000	13,000	0	13,950	13,950	0
Total Receipts	514,887	550,221	35,334	486,095	555,309	69,214
DISBURSEMENTS						
County Commissior	72,170	71,293	877	67,910	67,866	44
County Clerk	63,600	52,728	10,872	61,600	47,528	14,072
Buildings and grounds	49,120	41,065	8,055	56,820	44,827	11,993
Employee fringe benefit	25,000	23,716	1,284	23,500	21,842	1,658
County Treasurer	27,635	27,116	519	25,799	25,611	188
County Collector	83,537	82,793	744	65,320	70,090	(4,770)
Recorder of Deeds	22,950	28,972	(6,022)	23,250	21,678	1,572
Associate Circuit Court	15,450	15,256	194	14,450	10,742	3,708
Court administration	8,900	3,494	5,406	10,850	6,638	4,212
Public Administrator	22,655	22,616	39	22,700	21,463	1,237
Child support enforcement uni	20,655	19,778	877	19,430	19,064	366
Community projects	7,750	2,500	5,250	7,500	7,750	(250)
Other	52,870	57,901	(5,031)	57,410	61,663	(4,253)
Transfers out	118,100	83,625	34,475	62,625	72,700	(10,075)
Emergency Func	15,600	0	15,600	14,600	9,884	4,716
Total Disbursements	605,992	532,853	73,139	533,764	509,346	24,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,105)	17,368	108,473	(47,669)	45,963	93,632
CASH, JANUARY 1	418,165	418,165	0	372,202	372,202	0
CASH, DECEMBER 31	327,060	435,533	108,473	324,533	418,165	93,632

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CART</u>						
RECEIPTS						
Intergovernmental	408,000	466,699	58,699	401,000	407,182	6,182
Interest	9,000	8,015	(985)	9,000	9,293	293
Other	8,700	14,592	5,892	4,600	10,102	5,502
Total Receipts	425,700	489,306	63,606	414,600	426,577	11,977
DISBURSEMENTS						
Salaries	135,000	132,748	2,252	107,000	107,804	(804)
Employee fringe benefit	15,000	16,955	(1,955)	19,000	14,238	4,762
Supplies	42,000	47,609	(5,609)	45,000	48,486	(3,486)
Insurance	6,600	10,080	(3,480)	7,000	6,545	455
Road and bridge materials	26,200	40,367	(14,167)	28,500	23,775	4,725
Equipment repairs	12,000	6,399	5,601	20,000	11,772	8,228
Rentals	400	368	32	1,000	365	635
Equipment purchases	76,500	76,807	(307)	51,000	29,246	21,754
Construction, repair, and maintenance	58,000	54,143	3,857	55,000	35,399	19,601
Maintenance building	25,000	29,242	(4,242)	35,000	41,095	(6,095)
Other	113,880	92,793	21,087	96,735	97,377	(642)
Transfers out	13,000	13,000	0	13,950	13,950	0
Total Disbursements	523,580	520,511	3,069	479,185	430,052	49,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(97,880)	(31,205)	66,675	(64,585)	(3,475)	61,110
CASH, JANUARY 1	130,711	130,711	0	134,186	134,186	0
CASH, DECEMBER 31	32,831	99,506	66,675	69,601	130,711	61,110
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	99,855	105,462	5,607	89,688	89,688	0
Charges for services	752	959	207	600	600	0
Interest	900	593	(307)	914	914	0
Other	0	92	92	5	5	0
Transfers in	24,000	10,000	(14,000)	29,700	29,700	0
Total Receipts	125,507	117,106	(8,401)	120,907	120,907	0
DISBURSEMENTS						
Assessor	125,453	116,741	8,712	123,552	123,552	0
Total Disbursements	125,453	116,741	8,712	123,552	123,552	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	54	365	311	(2,645)	(2,645)	0
CASH, JANUARY 1	46	46	0	2,691	2,691	0
CASH, DECEMBER 31	100	411	311	46	46	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	650	601	(49)	700	654	(46)
Charges for service:	1,400	1,436	36	1,500	1,407	(93)
Interest	100	36	(64)	100	147	47
Total Receipts	2,150	2,073	(77)	2,300	2,208	(92)
DISBURSEMENTS						
Sheriff	2,000	1,647	353	4,998	4,173	825
Total Disbursements	2,000	1,647	353	4,998	4,173	825
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	426	276	(2,698)	(1,965)	733
CASH, JANUARY 1	733	733	0	2,698	2,698	0
CASH, DECEMBER 31	883	1,159	276	0	733	733
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	350	358	8	351	351	0
Interest	5	10	5	11	11	0
Total Receipts	355	368	13	362	362	0
DISBURSEMENTS						
Prosecuting Attorney	350	248	102	507	506	1
Total Disbursements	350	248	102	507	506	1
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	120	115	(145)	(144)	1
CASH, JANUARY 1	190	190	0	334	334	0
CASH, DECEMBER 31	195	310	115	189	190	1
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	388,500	389,293	793	381,376	381,376	0
Intergovernmental	140,500	140,362	(138)	92,445	92,445	0
Charges for service:	1,300	1,466	166	1,267	1,267	0
Interest	1,200	2,157	957	1,294	1,294	0
Other	0	207	207	13,898	13,898	0
Transfers in	64,795	62,295	(2,500)	38,500	38,500	0
Total Receipts	596,295	595,780	(515)	528,780	528,780	0
DISBURSEMENTS						
Prosecuting Attorney	69,254	62,122	7,132	59,804	59,804	0
Sheriff	320,460	330,053	(9,593)	284,029	284,029	0
Jail	92,900	91,401	1,499	114,722	114,722	0
Juvenile office	48,000	48,000	0	26,836	26,836	0
Coroner	18,100	10,107	7,993	19,429	19,429	0
Fringe benefits	31,250	34,498	(3,248)	27,197	27,197	0
Other	15,150	18,716	(3,566)	13,772	13,772	0
Total Disbursements	595,114	594,897	217	545,789	545,789	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,181	883	(298)	(17,009)	(17,009)	0
CASH, JANUARY 1	276	276	0	17,285	17,285	0
CASH, DECEMBER 31	1,457	1,159	(298)	276	276	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services:	800	615	(185)	825	580	(245)
Interest	50	13	(37)	25	53	28
Total Receipts	850	628	(222)	850	633	(217)
DISBURSEMENTS						
Domestic violence shelte	850	628	222	850	633	217
Total Disbursements	850	628	222	850	633	217
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>CRISIS INTERVENTION FUND</u>						
RECEIPTS						
Intergovernmental	2,500	1,450	(1,050)	2,187	2,047	(140)
Interest	75	88	13	76	76	0
Other	0	0	0	0	140	140
Total Receipts	2,575	1,538	(1,037)	2,263	2,263	0
DISBURSEMENTS						
Family allocations	2,250	1,384	866	1,725	1,725	0
Administrative expense:	225	137	88	171	171	0
Total Disbursements	2,475	1,521	954	1,896	1,896	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	17	(83)	367	367	0
CASH, JANUARY 1	1,623	1,623	0	1,256	1,256	0
CASH, DECEMBER 31	1,723	1,640	(83)	1,623	1,623	0
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services:	1,000	1,018	18	600	790	190
Interest	30	20	(10)	25	16	(9)
Total Receipts	1,030	1,038	8	625	806	181
DISBURSEMENTS						
Domestic violence shelte	1,260	1,251	9	625	0	625
Total Disbursements	1,260	1,251	9	625	0	625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(230)	(213)	17	0	806	806
CASH, JANUARY 1	806	806	0	0	0	0
CASH, DECEMBER 31	576	593	17	0	806	806

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for services	8,000	11,207	3,207	8,000	8,725	725
Interest	50	253	203	100	97	(3)
Total Receipts	8,050	11,460	3,410	8,100	8,822	722
DISBURSEMENTS						
Prosecuting Attorney	8,000	7,335	665	10,000	7,839	2,161
Total Disbursements	8,000	7,335	665	10,000	7,839	2,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	4,125	4,075	(1,900)	983	2,883
CASH, JANUARY 1	3,080	3,080	0	2,097	2,097	0
CASH, DECEMBER 31	3,130	7,205	4,075	197	3,080	2,883
PROSECUTING ATTORNEY DELINQUENT TAX FUND						
RECEIPTS						
Intergovernmental	2,020	2,008	(12)	3,200	3,200	0
Interest	110	114	4	45	45	0
Total Receipts	2,130	2,122	(8)	3,245	3,245	0
DISBURSEMENTS						
Prosecuting Attorney	4,575	4,088	487	668	668	0
Total Disbursements	4,575	4,088	487	668	668	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,445)	(1,966)	479	2,577	2,577	0
CASH, JANUARY 1	2,903	2,903	0	326	326	0
CASH, DECEMBER 31	458	937	479	2,903	2,903	0
PROSECUTING ATTORNEY RETIREMENT FUND						
RECEIPTS						
Interest	60	97	37	0	110	110
Transfers in	4,300	4,300	0	4,500	4,500	0
Total Receipts	4,360	4,397	37	4,500	4,610	110
DISBURSEMENTS						
Prosecuting Attorney	4,500	4,500	0	4,500	4,500	0
Total Disbursements	4,500	4,500	0	4,500	4,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(140)	(103)	37	0	110	110
CASH, JANUARY 1	210	210	0	100	100	0
CASH, DECEMBER 31	70	107	37	100	210	110

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	8,000	11,354	3,354	6,000	8,299	2,299
Interest	500	1,443	943	800	827	27
Total Receipts	8,500	12,797	4,297	6,800	9,126	2,326
DISBURSEMENTS						
Recorder of Deeds	12,500	10,403	2,097	7,500	0	7,500
Total Disbursements	12,500	10,403	2,097	7,500	0	7,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,000)	2,394	6,394	(700)	9,126	9,826
CASH, JANUARY 1	21,096	21,096	0	11,970	11,970	0
CASH, DECEMBER 31	17,096	23,490	6,394	11,270	21,096	9,826
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	9,500	10,877	1,377	8,668	8,668	0
Interest	500	347	(153)	844	844	0
Other	0	0	0	5,267	5,267	0
Total Receipts	10,000	11,224	1,224	14,779	14,779	0
DISBURSEMENTS						
Sheriff	4,150	2,454	1,696	7,508	7,508	0
Transfers out	17,995	17,995	0	0	0	0
Total Disbursements	22,145	20,449	1,696	7,508	7,508	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,145)	(9,225)	2,920	7,271	7,271	0
CASH, JANUARY 1	16,942	16,942	0	9,671	9,671	0
CASH, DECEMBER 31	4,797	7,717	2,920	16,942	16,942	0
<u>COMMUNITY DEVELOPMENT BLOCK GRANT-CARING COMMUNITIES FUND</u>						
RECEIPTS						
Intergovernmental	190,000	115,099	(74,901)	60,500	60,500	0
Total Receipts	190,000	115,099	(74,901)	60,500	60,500	0
DISBURSEMENTS						
Property acquisition and renovation	190,500	115,099	75,401	60,000	60,000	0
Total Disbursements	190,500	115,099	75,401	60,000	60,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	0	500	500	500	0
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	0	500	500	500	500	0

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COMMUNITY DEVELOPMENT BLOCK GRANT-PUBLIC WATER SUPPLY DISTRICT#2 FUND						
RECEIPTS						
Intergovernmental	4,825	4,825	0	8,000	2,971	(5,029)
Total Receipts	4,825	4,825	0	8,000	2,971	(5,029)
DISBURSEMENTS						
Grant expenditures	5,325	5,325	0	8,500	2,971	5,529
Total Disbursements	5,325	5,325	0	8,500	2,971	5,529
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(500)	0	(500)	0	500
CASH, JANUARY 1	500	500	0	500	500	0
CASH, DECEMBER 31	0	0	0	0	500	500
ELECTION FUND						
RECEIPTS						
Intergovernmental	14,100	13,734	(366)	15,645	13,654	(1,991)
Interest	200	77	(123)	0	126	126
Transfers in	38,000	25,025	(12,975)	2,425	0	(2,425)
Total Receipts	52,300	38,836	(13,464)	18,070	13,780	(4,290)
DISBURSEMENTS						
Elections	51,550	38,595	12,955	17,520	13,316	4,204
Transfers out	2,000	1,679	321	600	644	(44)
Total Disbursements	53,550	40,274	13,276	18,120	13,960	4,160
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	(1,438)	(188)	(50)	(180)	(130)
CASH, JANUARY 1	1,523	1,523	0	1,703	1,703	0
CASH, DECEMBER 31	273	85	(188)	1,653	1,523	(130)
ELECTION SERVICES FUND						
RECEIPTS						
Intergovernmental	0	653	653	0	1,201	1,201
Interest	150	300	150	100	175	75
Transfers in	2,000	1,679	(321)	600	644	44
Total Receipts	2,150	2,632	482	700	2,020	1,320
DISBURSEMENTS						
Equipment	5,500	214	5,286	500	0	500
Total Disbursements	5,500	214	5,286	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	2,418	5,768	200	2,020	1,820
CASH, JANUARY 1	4,267	4,267	0	2,247	2,247	0
CASH, DECEMBER 31	917	6,685	5,768	2,447	4,267	1,820

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS FUND</u>						
RECEIPTS						
Property taxes	33,882	33,417	(465)	35,055	34,365	(690)
Intergovernmental	0	118	118	0	202	202
Interest	0	716	716	0	834	834
Total Receipts	33,882	34,251	369	35,055	35,401	346
DISBURSEMENTS						
Contracted services	34,310	34,241	69	34,500	33,689	811
Other	555	468	87	555	459	96
Total Disbursements	34,865	34,709	156	35,055	34,148	907
RECEIPTS OVER (UNDER) DISBURSEMENTS	(983)	(458)	525	0	1,253	1,253
CASH, JANUARY 1	7,334	7,334	0	6,081	6,081	0
CASH, DECEMBER 31	6,351	6,876	525	6,081	7,334	1,253
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				1,860	1,860	0
Other				207	207	0
Total Receipts				2,067	2,067	0
DISBURSEMENTS						
Sheriff				2,067	2,067	0
Total Disbursements				2,067	2,067	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	101,646	101,738	92	92,526	104,513	11,987
Intergovernmental	248,983	249,757	774	235,288	218,873	(16,415)
Charges for service:	13,000	8,691	(4,309)	13,000	7,937	(5,063)
Interest	4,000	2,266	(1,734)	6,000	4,025	(1,975)
Other	35,234	35,577	343	38,731	30,516	(8,215)
Total Receipts	402,863	398,029	(4,834)	385,545	365,864	(19,681)
DISBURSEMENTS						
Salaries	325,510	311,274	14,236	315,667	301,395	14,272
Office expenditures:	50,352	44,027	6,325	42,878	45,052	(2,174)
Equipment	10,000	1,946	8,054	3,000	2,882	118
Mileage and Training	8,000	6,275	1,725	8,000	7,052	948
Other	14,700	13,266	1,434	16,000	13,910	2,090
Total Disbursements	408,562	376,788	31,774	385,545	370,291	15,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,699)	21,241	26,940	0	(4,427)	(4,427)
CASH, JANUARY 1	204,695	204,695	0	209,122	209,122	0
CASH, DECEMBER 31	198,996	225,936	26,940	209,122	204,695	(4,427)

Exhibit B

RIPLEY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	69,000	67,060	(1,940)	63,865	69,613	5,748
Intergovernmental	25	14	(11)	0	25	25
Interest	760	573	(187)	1,000	1,049	49
Total Receipts	69,785	67,647	(2,138)	64,865	70,687	5,822
DISBURSEMENTS						
Sheltered workshop	62,000	61,621	379	62,000	60,006	1,994
Other	1,900	712	1,188	1,700	822	878
Total Disbursements	63,900	62,333	1,567	63,700	60,828	2,872
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,885	5,314	(571)	1,165	9,859	8,694
CASH, JANUARY 1	62,179	62,480	301	52,495	52,621	126
CASH, DECEMBER 31	68,064	67,794	(270)	53,660	62,480	8,820
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	6,500	7,499	999	6,250	6,780	530
Interest	75	51	(24)	100	97	(3)
Total Receipts	6,575	7,550	975	6,350	6,877	527
DISBURSEMENTS						
Law library	8,125	4,990	3,135	6,620	7,017	(397)
Total Disbursements	8,125	4,990	3,135	6,620	7,017	(397)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,550)	2,560	4,110	(270)	(140)	130
CASH, JANUARY 1	4,290	4,290	0	4,430	4,430	0
CASH, DECEMBER 31	2,740	6,850	4,110	4,160	4,290	130
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	800	687	(113)	900	826	(74)
Total Receipts	800	687	(113)	900	826	(74)
DISBURSEMENTS						
Circuit Clerk	1,500	1,698	(198)	1,500	67	1,433
Total Disbursements	1,500	1,698	(198)	1,500	67	1,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(1,011)	(311)	(600)	759	1,359
CASH, JANUARY 1	1,471	1,471	0	712	712	0
CASH, DECEMBER 31	\$ 771	460	(311)	112	1,471	1,359

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RIPLEY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Senior Citizen's Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Tax Maintenance Fund for the year ended December 31, 2002.

Warrants issued were in excess of budgeted amounts for the Circuit Interest Fund and the Law Library Fund in both 2002 and 2001. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show

receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the Circuit Interest Fund for the year ending December 31, 2002.

In addition, for the Senate Bill 40 Board Fund, the county's published financial statements for the years ended December 31, 2002 and 2001, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by commercial securities held by the county's custodial bank in the county's name.

The Health Center and Senate Bill 40 Boards' deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by the boards' custodial banks in the boards' names.

3. Prior Period Adjustment

The Prosecuting Attorney Retirement Fund's, the Election Fund's, and the Election Services Fund's cash balances of \$100, \$1,703, and \$2,247, respectively, at January 1, 2001, were not previously reported but have been added.

Supplementary Schedule

Schedule

RIPLEY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 719	0
	Department of Health and Senior Services-			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-1191W	0	33,553
		ERS045-2191W	36,091	22,194
		ERS045-3191W	11,179	0
	Program Total		47,270	55,747
	Office of Administration -			
10.665	Schools and Roads - Grants to States	N/A	200,015	30,281
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	2000-PF-28	115,099	60,000
		98PF30	5,325	2,971
	Program Total		120,424	62,971
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ERO164-0496	10,032	0
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety -			
16.580	Byrne Discretionary Grant Program	2000DDVX0055	34,349	31,332
16.588	Violence Against Women Formula Grants	2000VAWA-0043	0	23,750
		2001VAWA-0035	11,685	0
	Program Total		11,685	23,750
16.592	Local Law Enforcement Block Grants Program	2000-LBG-072	0	1,860
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,027	1,019

Schedule

 RIPLEY COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	24,751	17,921
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	N/A	3,624	5,445
83.544	Public Assistance Grants	N/A	19,355	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1191L ERS146-2191L	0 1,500	311 0
	Program Total		1,500	311
93.268	Immunization Grants	N/A PGA064-2191A	27,368 3,545	24,181 0
	Program Total		30,913	24,181
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	7,804	10,896
	Department of Health and Senior Services-			
93.575	Child Care and Development Block Grant	PGA067-1191C PGA067-1191S PGA067-2191C PGA067-2191S	0 0 980 3,085	865 560 0 0
	Program Total		4,065	1,425

Schedule

RIPLEY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
	Department of Health and Senior Services-			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-10041	0	6,525
		ERS161-20023	6,825	3,053
		ERS161-30019	2,399	0
	Program Total		9,224	9,578
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1191M	0	12,307
		ERS146-2191M	14,186	4,729
		ERS146-3191M	4,661	0
		ERS175-1191F	0	3,933
		ERS175-2062F	3,105	759
		ERS175-3063	863	0
		C10001-5062	0	2,462
		DHO2002-7063	1,442	0
		N/A	250	2,023
	Program Total		24,507	26,213
	Total Expenditures of Federal Awards		\$ 551,264	302,930

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

RIPLEY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ripley County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the State Department of Social Services, and amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services. Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$120,424 and \$62,971 to subrecipients under the Community Development Block Grant/State's Program (CFDA number 14.228) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Ripley County, Missouri

Compliance

We have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ripley County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 02-1 and 02-2.

Internal Control Over Compliance

The management of Ripley County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

June 3, 2003 (fieldwork completion date)

Schedule

RIPLEY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2002 AND 20001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major program(s): Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
14.228	Community Development Block Grants/States Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schools and Roads Program
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity Identifying Number:	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

The county made an error in its distribution of National Forest Receipts to public schools and public roads. During the year ended December 31, 2002, the county received its distribution of National Forest Receipts which included the full payment amount and mineral receipts for January-October 2001. The County elected to receive its distribution of 2001 National Forest Receipts using the full payment option, which was the first year this option was available to the counties. Full payment amount funds must be used for public roads and public schools of the county in which the national forest is situated (Title I), special projects

on Federal lands (Title II), or county projects (Title III) (16 USC 500 note sections 102,202,and 302). A county that elects to receive its share of the full payment amount and that amount is \$100,000 or more, must use at least 80 percent of the funds for public roads and public schools. The county's breakdown of National Forest Receipts was as follows: full payment amount, \$161,067; mineral receipts, \$38,948, for a total of \$200,015. The county calculated the 20% distribution to Title III projects based on the total amount received, including the mineral receipts, instead of the full payment amount only. This resulted in public schools and public roads receiving less than 80% of the full payment amount. The amount not distributed to schools and roads was \$5,842 and \$1,948 respectively, for a total of \$7,790.

WE RECOMMEND the County Commission make the necessary adjustments to ensure public schools and public roads receive the \$7,790 not distributed to them in 2002.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated that this will be corrected by January 2004.

02-2.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1191W, ERS045-2191W, ERS045-3191W
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	2000-PF-28, 98PF30
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2002 and 2001, the county's SEFA included several errors which resulted in expenditures being overstated by approximately \$56,586 and \$176,607, respectively. For example, the county's SEFA for 2001 included additional expenditures related to the Schools and Roads-Grants to States totaling \$102,597 which did not represent expenditures of federal awards in that year. The 2002 and 2001 SEFA also included monies received for forest patrolling contracts and payments in lieu of taxes which did not represent expenditures of federal awards. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated they will work with the County Treasurer to ensure the accuracy of the SEFA.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RIPLEY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RIPLEY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings -Two Years Ended December 31, 2000

99-01. Unauthorized Reprogramming of Grant Amounts

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-through Entity	
Identifying Number:	98-PF-30
Award Year:	1998
Questioned Costs:	\$1,001

During the year ended December 31, 1999, \$11,001 was reprogrammed from acquisition costs to water costs (\$9,651) and to administrative expenses (\$1,350) without prior approval of the Department of Economic Development (DED).

Recommendation:

The county refer to the grant agreement prior to reprogramming costs and discuss any future reprogramming of budget costs with the DED.

Status:

Implemented. The County Commission discussed this issue with the third party administrator of the grant. The County did not reprogram any more costs for the remainder of this grant.

99-02. Inadequate Monitoring of Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-through Entity	
Identifying Number:	98-PF-30
Award Year:	1998
Questioned Costs:	Not applicable

The county exceeded the maximum 5 day time lapse between draw-down of funds and payment to vendors.

Recommendation:

The county monitor its draw-down and disbursement dates more closely.

Status:

Implemented. The county properly monitored the time lapse between its draw down and disbursement dates during the current audit period.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RIPLEY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003. We also have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 3, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Ripley County Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information for the fiscal year ending August 31, 2002. The Ripley County Hospital Board did not obtain an audit for the preceding fiscal year ending August 31, 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Ripley County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Hospital Board

The hospital does not have procedures in place to track the balance of a liability to the Internal Revenue Service (IRS) for payroll taxes totaling over \$2 million. The hospital reimbursed the Hospital Administrator for his 2002, 2001, and 2000 personal tax refunds that were applied to a personal penalty assessed by the IRS. In addition, the Hospital Administrator wrote himself a \$1,000 check for reimbursement of medical expenses he appears to have incorrectly claimed were covered under the hospital's self insurance plan. Further, various board members voted to approve pay increases, payroll expenditures, and other payments to relatives employed by the hospital. Numerous payroll advances were also paid to hospital employees which appear to violate Article VI, Section 23 of the Missouri Constitution. The Hospital Administrator allowed an employee to accumulate a negative leave balance, and some timesheets were not sufficiently detailed. In addition, the hospital's budgets did not include a comparative statement of actual revenues and expenditures for the two preceding years as required by law. Further, the Ripley County Hospital has not published financial statements as required by state law.

Because the Ripley County Hospital Board is audited and separately reported by other independent auditors, a limited review of citizen concerns, legal provisions, and management practices was performed by our office.

A. The hospital is currently making monthly payments to the IRS for a payroll tax liability which exceeds \$2 million and includes delinquent taxes dating back to 1997. Our review of this liability and a related expenditure noted the following concerns.

1. The hospital does not have procedures in place to track the payroll tax liability. Hospital officials indicated the hospital is paying \$10,000 a month to the IRS, but the current balance was unknown. We confirmed with the IRS that the hospital's payroll tax liability as of August 8, 2003 was \$2,023,471.

Due to the large amount of the payroll tax liability to the IRS, the hospital should maintain records documenting payments made and balances due. This is necessary to ensure the Hospital Board is fully informed of the financial condition of the hospital.

2. The hospital reimbursed the Hospital Administrator \$1,885 in June 2001 for his 2000 personal tax refund that was applied to a penalty assessed against him by the IRS. The hospital also reimbursed the Hospital Administrator for his 2002 and 2001 personal tax refunds of \$74 and \$432 which were applied to the penalty assessed against him. The hospital did not retain adequate documentation to support why these reimbursements were made to the Hospital Administrator nor did the Board have a complete understanding of the personal penalties assessed against the Hospital Administrator and their relationship to the hospital's tax liability.

All expenditures should represent a necessary and prudent use of hospital funds. Since the personal tax refunds of the Hospital Administrator were applied to a tax penalty owed by him, it is unclear why the hospital would pay the Hospital Administrator for the amount of his tax refunds.

Further, the Board should ensure it has a complete understanding of the tax liability owed to the IRS and that all decisions related to this issue are adequately documented.

- B. The Hospital Administrator made a \$1,000 payment to himself from hospital funds on December 23, 2002 for reimbursement of medical expenses he had incurred. The hospital's procedures allow the Hospital Administrator to sign checks for amounts up to \$1,000 without a board member also signing the check. In addition, although the hospital's policy provides for all employee check requests for reimbursements to be approved by the Hospital Administrator, there was no documentation that anyone reviewed his \$1,000 check request for accuracy or propriety.

The Hospital Administrator indicated the expenses claimed for reimbursement should have been covered by the hospital's past self insurance plan. However, our review of the reimbursement revealed that some of the expenses were not covered under the plan. For example, the Hospital Administrator claimed reimbursement of \$252 for a personal deductible under the hospital's current insurance plan and \$225 for expenses incurred by his daughter after she was no longer covered under the above mentioned self insurance plan. In addition, it appears that at least another \$369 of expenses reimbursed may not have been covered based on the nature of the expenses, and some of the other remaining expenses may represent additional deductibles for which the employee was responsible.

The Board should implement procedures to ensure payments to the Hospital Administrator are reviewed for accuracy and propriety by the Board or other personnel independent of the Hospital Administrator prior to the expenditure being made. In addition, checks issued to the Hospital Administrator should be signed by the Board or other personnel independent of the Hospital Administrator.

- C. Various board members voted to approve pay increases, payroll expenditures, and other payments to relatives employed by the hospital. Board members vote to approve hospital expenses, in total, at their monthly meeting and do not abstain from the approval of payroll and other expenditures to relatives included in the monthly expenditures. In addition, board members did not abstain on votes to approve percentage pay increases which applied to all hospital employees including relatives.

Discussions and decisions concerning situations where potential conflicts of interest exist should be completely documented so that the public has assurance that no hospital official has benefited improperly. In addition, the board should consider establishing a policy which addresses these types of situations and provides a code of conduct for hospital officials.

- D. During our review of hospital expenditures, we noted numerous interest free payroll advances to hospital employees. Most of these advances were to be paid back through payroll deductions often taken over a period of time until the advance was fully repaid. For example, the following table shows the payroll advances given to the Business Office Manager:

Date of Check	Amount	Status (As of May 21, 2003)
05/30/01	\$ 500.00	Paid in Full 6/5/01
06/29/01	300.00	Paid in Full 7/3/01
12/11/01	200.00	Paid in Full 1/2/02
03/08/02	100.00	Paid in Full 5/08/02
04/26/02	300.00	Paid in Full 6/5/02
06/11/02	200.00	Paid in Full 7/31/02
08/09/02	1,500.00	Paid in Full 1/1/03
11/19/02	2,000.00	\$2,000.00 Outstanding balance
01/21/03	1,000.00	\$1,000.00 Outstanding balance
01/29/03	<u>1,302.74</u>	Paid in Full 5/21/03
Total	<u>\$7,402.74</u>	

Two of the advances noted in the above table, dated November 19, 2002 and January 21, 2003 for \$2,000 and \$1,000, respectively, were to be repaid with the Business Office Manager's personal income tax refunds for tax years 2001 and 2002; however, these balances still remained unpaid as of May 21, 2003. The balance owed by the Business Manager began to be repaid through a payroll deduction in June 2003 when we brought this to the hospital's attention. The balance was \$2,600 as of August 13, 2003. In addition to the Business Office Manager, six other employees had outstanding payroll advances totaling \$1,455 as of May 21, 2003. These six other employees were paying their payroll advances back through payroll deductions and have made timely repayments of these advances.

Payroll advances were issued through the accounts payable system and recorded under the line item of miscellaneous vendor. The normal procedure for payroll advances required the employee to sign a payroll deduction authorization witnessed by the personnel director. The Hospital Administrator would then approve the payroll advance. We noted that the Chief Financial Officer (CFO) received a \$1,600 payroll advance in December 2002 and was not required to sign a payroll deduction authorization.

These payments appear to violate Article VI, Section 23 of the Missouri Constitution, which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a hospital to compensate employees in advance. Doing so could result in the hospital paying an individual for services not performed.

- E. The Hospital Administrator also allowed the Business Office Manager to accumulate a negative leave balance. To ensure employees receive leave benefits only as allowed by the hospital's policy, employees should not be allowed to carry negative leave balances. In addition, sufficiently detailed timesheets were not always maintained for all employees. For example, the Business Manager's timesheet for the two week period ending March 14, 2003 only consisted of a handwritten note showing the total number of hours worked and the amount of vacation hours used. There was no documentation by day of the hours worked or the vacation time taken. The Hospital Administrator indicated that detailed timesheets were not required for professional employees of the hospital. Sufficiently detailed timesheets should be prepared to support payments to employees.
- F. The Ripley County Hospital prepared budgets for the years ended December 31, 2002 and 2001; however, the budgets did not include a comparative statement of actual revenues and expenditures for the two preceding years as required by law. Chapter 50, RSMo 2000, requires the preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool. A complete budget should include a comparative statement of actual revenues and expenditures for the two preceding fiscal years.

- G. The Ripley County Hospital has not published financial statements as required by state law. Section 50.800, RSMo 2002, requires the county hospital to prepare and publish financial statements. The publishing of complete financial statements, besides meeting statutory requirements, will provide information to citizens as to the operations of their county hospital and how tax dollars are spent.

WE RECOMMEND the Board of Trustees:

- A. Ensure the amount owed to the IRS is adequately tracked. The Board should also ensure they have a full understanding of all issues related to this tax liability and should adequately document all decisions made related to this liability.
- B. Determine which, if any, of the medical expenses for which the Hospital Administrator was reimbursed were amounts covered under the self insurance plan. The Board should then request the Hospital Administrator pay back all remaining medical expenses for which he was improperly reimbursed. Furthermore, the Board should implement procedures to ensure payments to the Hospital Administrator are reviewed for accuracy and propriety by the Board or other personnel independent of the Hospital Administrator prior to the expenditure being made. In addition, checks issued to the Hospital Administrator should be signed by the Board or other personnel independent of the Hospital Administrator.
- C. Ensure individual board members abstain from voting on any decision where a potential conflict of interest exists and that this action is fully documented in board minutes. In addition, the board should consider adopting a code of conduct for hospital officials to address these types of situations.
- D. Discontinue the practice of making payroll advances to employees and seek timely reimbursement of all outstanding advances to protect the hospital from potential losses.
- E. Periodically review employee leave balances and ensure compliance with the hospital's policy. Ensure timesheets are sufficiently detailed to support any compensation paid to hospital employees and to properly track leave accrued and taken.
- F. Ensure budgets are prepared in accordance with state law.
- G. Ensure financial statements are published in accordance with state law.

AUDITEE'S RESPONSE

The Board of Trustees provided the following responses:

- A. *The Hospital Administrator will report to the Board of Trustees on a monthly basis the amounts due to the IRS as per reports received from the IRS.*

The Hospital Administrator will develop a special IRS file with documentation of all decisions made and documents received from the IRS. The board will ask their attorney to draw up a written agreement which will require the Hospital Administrator to repay any amounts reimbursed by the IRS.

- B. *A thorough analysis will be made of the amount paid to the Hospital Administrator for the medical bills in question. An agreement will be signed for the repayment of the amount due to the hospital between the board and the Hospital Administrator.*

All checks made out to the Hospital Administrator will be signed by a board member. A check request will be signed by the Hospital Administrator and approved by a board member with documentation for the expenditure prior to the check being issued.

- C. *We will develop a code of conduct concerning the conflict of interest of board members as per Missouri Revised Statutes Section 105.*

The Board of Trustees will also adopt a resolution for board members to abstain from voting where a potential conflict of interest exists with documentation addressed in the board minutes.

- D. *The Hospital adopted the following policy: Effective with the Policies and Procedures Manual approved by the Hospital Board of Trustees dated June 23, 2003, cash advances will no longer be available to any employee.*

- E. *A detailed report is kept on each employee of the hospital. This report details the amount of accrued vacation, holidays, and sick leave. If negative balances accrue in the future, the employee's paycheck will be adjusted accordingly.*

Timesheets will be approved and signed by each Department Head to assure the accuracy of timesheet for their department. The Hospital Administrator will review all Department Head's timesheets for accuracy.

- F. *A budget will be prepared in accordance with the state law which will include the budget plus the prior two years financial statements for comparison.*

- G. *An audited financial statement will be published each year upon receipt of that statement.*

2. Property Tax System Controls and Procedures

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by statutes. In addition, the County Clerk does not prepare the current or back tax books, and controls over property tax additions and abatements are not adequate. The County Clerk also does not maintain an account book with the County Collector. Further, the County Assessor and County Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically.

- A. The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data entry is to be completed by May 31 of each year. In addition, the County Assessor is allowed access to the

assessment data in the property tax system during the meetings of the county Board of Equalization so he can change assessed valuations when approved by the board. After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and his staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data.

- B. The County Clerk does not prepare the current or back tax books. Currently, the County Collector is responsible for entering the tax rates and extending and printing the tax books. Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend the tax books and charge the County Collector with the total amount of the current tax books and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes may result in errors and irregularities going undetected.
- C. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for personal property tax additions and abatements, and the County Collector makes changes to the property tax system for real estate tax additions and abatements. The County Collector then prints out the personal property and real estate property tax additions and abatements at the end of the year for the County Commission to review.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- D. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes

charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement.

A similar condition was noted in our prior report.

- E. The County Assessor and County Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not allowed by statutes.
- B. Ensure the County Clerk prepares the current and back tax books in accordance with state law.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements. In addition the County Commission should review and approve all additions and abatements to the County Collector's annual settlement.
- D. Ensure the County Clerk maintains an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- E. Consult with the property tax system programmer and establish procedures including the use of unique passwords to restrict access to computer files to authorized individuals.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A-E. The Commission will consult the computer programmer to try and correct these problems immediately.*

The County Clerk provided the following responses:

- B. The reason I do not prepare the property tax books is that I do not have the computer software to perform the function; such software is in the office of the County Collector. I understand that the tax books being prepared by the County Collector rather than the County Clerk is not unique to Ripley County but is the practice of many counties. It is my understanding that sometime during the 1980's, after reassessment, the county procured*

assessment and taxation software and installed computer systems in the offices of the County Assessor and County Collector. At that time, in as much as the County Clerk did not have access to the system, the County Collector began preparing the tax books. Because the system did not provide for assessment and collection of state-assessed utility taxes, the County Clerk continued to manually prepare the Utility Tax Book and prepared the Utility Tax Statements. The system was in place prior to my taking office in January 1995 and I continued the same practices as my predecessor. The current software system provides the function of assessment and taxation of state-assessed utilities and the County Collector now prepares the utility tax book. I have attempted to verify the accuracy of the computations of the real and personal tax books by selecting random samples, at least one for each taxing entity, and making sure the tax rates were correctly entered and that the formula was correct for calculating the tax based on the assessed value and levy. I will admit; however, that the system of checks and balances is somewhat sporadic in that I am not always timely advised the tax books have been prepared and have somewhat limited access to the records in that they are in the custody of the County Collector and are in use for tax collections.

- C. *I have repeatedly expressed concern to the County Commission and the State Tax Commission that the tax additions and abatements are not properly presented to the County Commission and apparently not all changes in assessment are being processed through the Board of Equalization (BOE). For each of the eight years I have been preparing the Aggregate Abstracts, Form 11 and Form 11A, I have not been able to reconcile the assessment book and changes processed through the BOE with the tax book. When I have asked the County Assessor for documentation of the changes to reconcile with those before the BOE, records have not been available. The County Collector presents the tax additions and abatements annually with the settlement and the County Commission does a blanket approval in mass. Without the tax additions and abatements being properly presented on a regular basis, I am not able to maintain an account book with the County Collector. In the past I have kept an account book but it only duplicated the County Collector's monthly collection report because that was the only information I was presented.*
- D. *Please understand that without the taxation software, I cannot prepare the tax books and without proper procedures being followed by other officeholders and correct data being provided on a timely basis, I cannot maintain an account book with the County Collector.*

3. County Expenditures and Employee Bonding
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Documentation was not maintained by the county to support situations in which the low bid was not accepted, and sole source procurement was not always documented by the county for various expenditures. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department. In addition, various county employees who handle monies are not bonded. Centralized records of leave balances and leave earned are also not updated monthly, and timesheets or other records of actual time worked were/are not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director.

- A. Documentation was not maintained by the county to support situations in which the low bid was not accepted for various expenditures including: a grader (\$147,750), a new computerized property tax system (\$39,420), computer hardware for the new property tax system (\$18,999), and a copier for the Circuit Clerk's office (\$4,769). In addition, sole source procurement was not documented by the county for expenditures made for parts and repairs to a grader (\$6,678) and fuel (approximately \$23,000 and \$22,000 in 2002 and 2001, respectively).

Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. Vehicle logs and equipment maintenance logs are not maintained for some vehicles and equipment in the Road and Bridge Department. Such logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and maintenance charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. Information in the logs should be periodically reconciled to fuel purchases and other maintenance charges.
- C. Various county employees who handle monies are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- D. Centralized records of leave balances and leave earned are not updated monthly. The County Clerk updates balances quarterly based on leave taken on each employee's monthly timesheet and leave earned in accordance with the county's personnel policy. The County Clerk indicated leave records are also to be maintained by each individual office, but our review noted most offices are not maintaining these

records. In addition, timesheets or other records of actual time worked were not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director.

Without centralized leave records the County Commission cannot ensure that employees' vacation and sick leave balances are accurate and that all employees are treated equitably. In addition, as a result of the lack of timesheets, the County Commission has no documentation to support payroll expenditures for these employees.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The timesheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

WE RECOMMEND the County Commission:

- A. Document in the official commission minutes any circumstances in which the low bid is not selected or in which bids cannot be obtained and sole source procurement is necessary.
- B. Ensure the Road and Bridge Department maintains logs for vehicles and equipment which include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. Ensure these logs are reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced. In addition, ensure information on the logs is periodically reconciled to fuel purchases and other maintenance charges.
- C. Review current bonds and ensure there is adequate bond coverage for all county employees with access to monies.
- D. Ensure vacation and sick leave balances are updated monthly, and require all county employees to complete timesheets which reflect actual time worked.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The minutes will better document the County Commission's decisions in the future.*
- B. *Personal use of road and bridge vehicles is not allowed, and we will request the maintenance supervisor to ensure logs are maintained for all vehicles and equipment immediately.*

- C. *This is currently being implemented.*
- D. *This will be implemented immediately.*

4. Budgetary Practices

On December 18, 2002 and December 31, 2001, the County Commission amended various county budgets to reflect increased expenditures made during the year. In 2002 the County Commission amended the CART Fund and the Law Enforcement Sales Tax Fund expenditures by \$65,000 and \$33,000, respectively. In 2001 the County Commission amended the Assessment Fund, the Law Enforcement Sales Tax Fund, and the Community Development Block Grant-Caring Communities Fund expenditures by \$20,287, \$70,034, and \$60,000, respectively. Various other funds were also amended on these dates in 2002 and 2001. Prior to the amendment of these budgets, expenditures had already exceeded the original budget. In addition, no other amendments were made prior to these dates. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

It was ruled in *State ex rel Strong v. Cribb* 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

WE RECOMMEND the County Commission ensure budget amendments are made prior to incurring the actual expenditures.

AUDITEE'S RESPONSE

The County Commission indicated they will attempt to amend the budgets prior to expenditures being made in the future.

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Commission maintains inventory lists submitted by various county officials; however, the lists are not complete because various county officials or their designees have not conducted inventories.

County owned land and buildings are not included on the general fixed asset record. Further, some fixed assets are not properly numbered, tagged or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in our prior report.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed to all general fixed assets, and county owned land and buildings should be included in the general fixed asset records.

AUDITEE'S RESPONSE

The County Commission indicated they sent a memo to all county officials in July 2003, requesting inventories and listings of all assets to be submitted to the County Commission and property tags to be affixed to the assets. County owned land and buildings will be included on the County Commission's inventory listings.

6. Prosecuting Attorney's Controls and Procedures
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The Prosecuting Attorney's office collected and processed court ordered restitution, bad check restitution and fees, and delinquent sales taxes totaling \$73,911 and \$81,662 during the years ending December 31, 2002 and 2001, respectively. A new Prosecuting Attorney took office on January 1, 2003. Our review of the controls and procedures of the former and current Prosecuting Attorneys noted the following concerns:

- A. Currently, the duties of receiving, recording, depositing, and disbursing monies are all performed by the Prosecuting Attorney's Office Manager. In addition, there is no indication that supervisory reviews are performed to ensure that all transactions are

accounted for properly and assets are adequately safeguarded. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Prosecuting Attorney.

- B. The former and current Prosecuting Attorneys' did not issue receipts slips for some monies received. For example, during a cash count conducted on March 24, 2003 \$1,799 of money orders on hand had not been issued a receipt slip. In addition, the top copies of voided receipt slips were not retained by the current Prosecuting Attorney for proper documentation. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, voided receipt slips should be retained, and the numerical sequence of receipt slips should be accounted for properly.
- C. The former and current Prosecuting Attorneys' did not always deposit receipts intact or on a timely basis. Some examples include:
- A \$152 receipt was received on January 9, 2003, and \$87 of the receipt was deposited on January 24, 2003 and the remaining \$65 was not deposited until January 31, 2003. Another \$122 receipt was received on January 9, 2003, and \$98 of the receipt was deposited on January 24, 2003 and the remaining \$24 was not deposited until January 31.
 - Monies received on December 30 and 31, 2002 totaling \$1,814 were not deposited until February 7, 2003, and monies received on January 21 and 28, 2003 totaling \$455 and \$310, respectively, were not deposited until March 25, 2003. Deposits were made by the Prosecuting Attorney's office between the dates noted above.
 - During a cash count conducted on March 24, 2003, we noted \$4,011 on hand which included some receipts dating back to January 9, 2003. In addition, monies counted included \$939 of partial payments being held by the Prosecuting Attorney's office until full payment of the restitution and bad check fees was made.

Numerous other instances were noted where monies received were not deposited intact or on a timely basis.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

Conditions similar to Parts B. and C. were noted in our prior report.

D. Receipts are kept on a desk in the current Prosecuting Attorney's office until they are deposited. In addition, money orders received are not restrictively endorsed immediately upon receipt. For example, during a cash count conducted on March 24, 2003, we counted \$4,011 of money orders on hand, and \$716 of these money orders had not been restrictively endorsed. In addition, as noted above, some of these money orders had been on hand since January 9, 2003. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be kept in a secure location, and money orders payable to the Prosecuting Attorney should be restrictively endorsed immediately upon receipt.

E. We noted the following concerns with the current Prosecuting Attorney's bank account and the related open items listings:

1. Monthly bank reconciliations had not been performed since November 30, 2002. At our request, monthly bank reconciliations were performed for December 2002 through April 2003.

Without preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.

2. Monthly listings of open items (liabilities) are not prepared, and consequently, liabilities are not reconciled with cash balances. The reconciled bank balance at April 30, 2003, was \$1,565. The Prosecuting Attorney's Office Manager indicated the reconciled cash balance contained only bad check fees; however, these monies could not be identified to specific cases.

Only by preparing open items listings on a monthly basis and reconciling them to the cash balance can the Prosecuting Attorney be assured the records are in balance and that sufficient cash is available to cover liabilities.

3. At April 30, 2003, the current Prosecuting Attorney's bank account had outstanding checks totaling \$76 that were over a year old with some dating back to 1999.

These old outstanding checks create additional and unnecessary record-keeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on old outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

- F. Bad check fees are not turned over by the current Prosecuting Attorney to the County Treasurer on a timely basis. For example, monthly collections of bad check fees for March and April 2003 totaling \$766 were not turned over to the County Treasurer until July 2003. Bad check fees should be turned over to the County Treasurer monthly as required by Section 50.360, RSMo 2000.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue pre-numbered receipt slips for all monies received, retain all copies of voided receipt slips, and account for the numerical sequence of receipt slips.
- C. Deposit all monies received intact daily or when accumulated receipts exceed \$100.
- D. Restrictively endorse all money orders payable to the Prosecuting Attorney immediately upon receipt and store all receipts in a secure location until deposited.
- E.1. Prepare and vouch monthly bank reconciliations.
2. Prepare monthly listings of open items and reconcile the listing to the cash balance.
3. Ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- F. Turn over all fees to the County Treasurer monthly as required by state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We now have three staff members involved in the accounting process for our bad check collection. The first person involved collects the restitution from the debtors and endorses the monies immediately. The second person prepares the deposits. Then, I am responsible for delivering the deposits to our bank and returning the deposit slip to the person who prepares the deposit. I have also implemented reviews of each persons role in this process on a monthly basis.*
- B. *At the present time, my office is issuing receipts for all monies received using pre-numbered receipts. Any voided receipts are retained in the receipt book along with carbon copies of the receipts which have been issued. Because my current procedure is one which you recommend, I will continue to operate in such fashion.*

- C. *I am making efforts to deposit all monies in a timely fashion. Because my position is part time, I am unable to be at the office every day in order to deposit the monies we have received. However, I do take deposits to the bank in a quick manner as practical for me. All monies are now being deposited as quickly as possible when the accumulated receipts total or exceed \$100.*
- D. *My office is restrictively endorsing all monies received. The office procedure provides for all monies received (which are only cashier's checks and money orders) to be endorsed with a "For Deposit Only" stamp. The monies received are then secured in a safe box that only two employees and I have access to. The two employees that have access to the box are the person collecting the monies and the person making the deposits. Once the deposits are prepared, they are placed in the box again until I retrieve them for deposit.*
- E. *My office manager is currently preparing and vouching monthly bank reconciliations for our bad check account. While we have had some difficulty finding a system that works well for preparing monthly listings of open items, we are in the process of improving our open items list and reconciling the list to the cash balance. I have also initiated procedures to follow up on outstanding checks by visiting the outstanding check list once each month. Any person or business holding an outstanding check more than three months is sent a letter asking why the check has not been cashed or deposited. When an outstanding check reaches five months in age, my office will issue another letter indicating we will stop payment on the original check and reissue another check. If the second check goes outstanding for the same period as above, this office stops payment on the second check and disposes of the funds as provided for by state law.*
- F. *I have also adopted office policies to ensure all fees are turned over to our County Treasurer in a timely, monthly fashion as required by law.*

7.	Sheriff's Controls and Procedures
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The Sheriff's department receives monies for civil and criminal process fees, gun permits, and ATV permits. The Sheriff's department handled receipts of \$12,825 and \$11,080 during the years ending December 31, 2002 and 2001, respectively. The Sheriff's department is also responsible for accounting for seized property and tickets issued. Our review of the Sheriff's controls and procedures disclosed the following concerns:

- A. Receipts are not always deposited on a timely basis. Deposits are generally made once or twice a month and range from \$200 to \$800. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory record should include information such as description of the property, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Conditions similar to parts A and B were noted in our prior report.

- C. Tickets issued are not adequately accounted for. A log of tickets issued is not maintained, ticket books are not issued in numerical order, and the numerical sequence of tickets issued is not accounted for. In addition, the ultimate disposition of tickets is not recorded by the Sheriff's department. The Associate Circuit Court indicated that the Sheriff's office issued less than a hundred tickets annually.

Without a proper accounting for the numerical sequence and ultimate disposition of tickets, the sheriff's department cannot be assured all tickets issued are properly submitted to the court for processing. Properly maintained logs would ensure accountability of all tickets as well as their ultimate disposition.

WE RECOMMEND the Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Prepare and maintain complete inventory records of seized property. Periodic physical inventories should be performed and compared to the inventory records.
- C. Maintain a log of ticket books issued, issue ticket books in numerical order, and account for the numerical sequence and ultimate disposition of all tickets issued.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *We plan to make deposits weekly starting on September 12, 2003.*
- B. *We plan to perform an inventory and implement new procedures to adequately account for seized property by December 2003.*
- C. *We plan to implement procedures by December 2003.*

8.**County Collector's Controls and Procedures**

The County Collector's office processed property taxes in excess of \$3.9 million during the years ending February 28, 2003 and 2002. Our review noted the following concerns:

- A. Receipts are not always deposited on a timely basis. Deposits are made daily during November and December of each year. However, during other months, deposits are usually made twice a week. For example, during a cash count conducted on March 26, 2003 \$8,792 was on hand and \$260 of this amount had been held since March 21. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. The method of payment is not always indicated on the tax receipts. Therefore, the composition of tax receipts is not reconciled to the composition of bank deposits.

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the method of payment should be indicated on all tax receipts, and the composition of receipts should be reconciled to the composition of deposits.

Conditions similar to Parts A and B were noted in our prior report.

- C. The County Collector opened a Tax Maintenance Fund bank account in September 2002 per Section 52.312, RSMo 2002, and he maintains custody of the bank account. The County Treasurer maintains custody of most other county special revenue funds similar to the Tax Maintenance Fund and has established internal controls to properly account for these funds. In addition, the County Collector failed to budget this fund in accordance with Chapter 50, RSMo in 2002. To ensure adequate internal controls have been established to account for these county funds, the County Collector should consider turning over control of the Tax Maintenance Fund to the County Treasurer.
- D. Surtax collections were distributed by the County Collector using percentages calculated for distributing the 1988 collections. The County Collector does not recalculate the distribution percentages each year. Section 139.600, RSMo 2000, outlines the procedures to be followed to calculate the percentages for the first and each succeeding year the surtax is imposed. Since significant changes have occurred since 1988 in the subclass 3 commercial property assessed valuation amounts, political subdivisions may not have received the proper allocation of surtax collections.

WE RECOMMEND the County Collector:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Indicate the method of payment on all paid tax statements and reconcile the composition of paid tax statements to the composition of deposits.
- C. Turn over control of the Tax Maintenance Fund to the County Treasurer and ensure a budget is prepared in accordance with state law.
- D. Ensure future distributions of surtax collections are made in accordance with state law.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *We will consider implementing this.*
- B. *Our normal policy is to record this on the tax receipt; however, we missed a few.*
- C. *This fund was budgeted in 2003. The County Collector plans to maintain custody of this fund and will maintain accurate records.*
- D. *We have attempted to locate the lost revenue amounts for 1984 and 1988 and have been unsuccessful. We will consider updating the percentages each year for changes in commercial property assessed valuation amounts.*

9. Circuit Clerk's Controls and Procedures

The former Circuit Clerk processed receipts from fines and costs for criminal and civil cases of \$132,355 and \$87,697 during the years ending December 31, 2002 and 2001, respectively. The current Circuit Clerk took office on January 1, 2003. Our review of the former and current Circuit Clerks' controls and procedures disclosed the following concerns:

- A. Receipts are not always deposited on a timely basis. The current Circuit Clerk generally deposits receipts twice a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Monthly listings of open items (liabilities) were prepared for the fee account by the former Circuit Clerk; however, the listings did not reconcile with the cash balance. At December 31, 2002, the open items listing was \$1,695 less than the cash balance. In our review of some individual open items on the listing, we noted one case had a balance of partial payments collected of \$845 which had been held since 1994 and

only \$30 of remaining court costs were due; however, it was still being held by the court at December 31, 2002.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. In addition, the Circuit Clerk should attempt to determine the reasons for the differences identified and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law. The status of old open items should also be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 2000, and Sections 447.500 through 447.995, RSMo 2000, provide for the disposition of unclaimed monies.

- C. The prior Circuit Clerk did not maintain records of the Circuit Clerk Interest Fund receipts, disbursements, and cash balances. In addition, receipts or vendor-provided invoices were not retained for adequate supporting documentation.

Adequate records and controls are necessary to ensure that all interest funds earned and disbursed are accounted for properly. In addition, all expenditures should be adequately supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of interest funds.

WE RECOMMEND the Circuit Clerk:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Reconcile the monthly listing of open items to the cash balance. An attempt should be made to investigate the unidentified monies. In addition, adopt procedures to periodically follow up on old open items. Any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Establish and maintain an interest ledger to record interest transactions and balances. In addition, maintain adequate supporting documentation of all disbursements from the interest fund.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *Deposits are made each day accumulated receipts exceed \$100. This procedure was implemented March 2003.*

- B. *Beginning January 2003, open items are balanced monthly to the cash balance. Old open items containing partial payments of court costs due, with no activity for one year, were disbursed in February and March 2003. All future partial payments will be disbursed within six months of last payment, after all collection efforts are exhausted.*
- C. *In January 2003, a checking account was established for the Circuit Clerk's interest monies. The account is balanced monthly to ensure funds earned and disbursed are properly accounted. All expenditures are documented with paid receipts or invoices.*

10.	Associate Circuit Court
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The Associate Circuit Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of \$201,243 and \$182,661 during the years ending December 31, 2002 and 2001, respectively. Our review of the Associate Circuit Division's operations noted the following areas in need of improvement:

- A. The Associate Circuit Clerk maintains substantial funds in two non-interest bearing accounts. At December 3, 2002, \$15,810 was maintained in these accounts. The failure to have funds in interest-bearing accounts results in the loss of revenues. To maximize interest earnings, all funds should be placed in interest-bearing accounts.
- B. Receipts are not always deposited on a timely basis. Deposits are generally made twice a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The method of payment is not recorded on receipt slips. The method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

WE RECOMMEND the Associate Circuit Judge:

- A. Maintain all funds in interest-bearing accounts to the extent possible.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following responses:

- A. *A study of time required to reconcile interest received from interest bearing accounts and the requisite budgeting and reporting to the County Clerk determined that:*
1. *A maximum of \$13 per month would be realized from maintaining monies in the interest bearing accounts.*
 2. *The amount of clerk time to account for, budget and reconcile interest received would amount to approximately 2 hours per month.*
- Thus a savings is realized by not maintaining interest bearing accounts, since the lowest paid clerk is paid at a rate of more than \$9 per hour.*
- B. *This recommendation will be implemented as soon as and to the extent that clerk time can be diverted from other duties. Each deposit requires approximately 45 minutes to prepare the deposit, travel to the depository, make the deposit and return to the office. Limited clerk staffing make it difficult to divert more than 90 minutes per week from other clerk time requirements.*
- C. *This recommendation will be immediately implemented by identification of each check received on the deposit slip.*

11. Health Center's Controls and Procedures
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The Health Center did not issue IRS Forms 1099-MISC as required. In addition, the Health Center does not always enter into written contracts defining services to be provided and benefits to be received. Also, employees' timesheets and expense reimbursement claim forms do not always contain documentation of the health center administrator's approval.

- A. The Health Center did not issue IRS Forms 1099-MISC as required. The Health Center issued some Form 1099-MISC, but has not established any procedures to identify all payments during the year or at year-end to ensure compliance with federal requirements. For example, the Health Center did not prepare Forms 1099-MISC for payments for administrative services for the Mentoring Mom's Program totaling \$11,909 and \$13,659 during 2002 and 2001, respectively; physician services totaling \$2,950 and \$2,400 during 2002 and 2001, respectively; and mowing services totaling \$800 during 2001.

Sections 6041 through 6051 of the Internal Revenue Code require non-employee payments of at least \$600 or more in one year for professional services or for services performed as a trade or business by non-employees (other than corporations) be reported to the federal government on Forms 1099-MISC.

- B. The Health Center did not always enter into written contracts defining services to be provided and benefits to be received.
 - 1. The Ripley County Health Center provided sanitation and nutritionist services to Carter County Health Center in return for \$31,968 and \$36,766 in 2002 and 2001, respectively, without entering into a written agreement.
 - 2. The Health Center does not have a written agreement with its current depository bank.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2002, requires contracts for political subdivisions to be in writing. Further, a written depository contract helps both the bank and the health center understand and comply with the requirements of any banking arrangement. The contract's provisions should include, but not be limited to, collateral security requirements; any bank fees for check printing, checking account services, and safe deposit boxes; interest charges on any borrowed funds; and interest rates for invested funds.

- C. The Health Center's policies provide for the administrator to review and approve all employees' timesheets and expense reimbursement claim forms, however; employees' timesheets and expense reimbursement claim forms do not always contain documentation of the administrator's approval. Employee timesheets and expense reimbursement claim forms should include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked and expenses actually incurred.

WE RECOMMEND the Board of Trustees:

- A. Establish procedures to ensure IRS Forms 1099-MISC are issued as required by the Internal Revenue Code.
- B. Enter into written contracts as required by state law. In addition, obtain a bank depository agreement.
- C. Require documentation of the administrator's approval on all timesheets and expense reimbursement claims.

AUDITEE'S RESPONSE

The Ripley County Health Center provided the following responses:

- A. IRS Forms (1099) for contract services will be issued.*
- B. Initial agreements were signed between Carter and Ripley Counties on the Sanitation and Nutrition programs with both counties sharing equal costs and that practice has continued. We will revise yearly contracts as recommended. We will obtain bank depositary agreements.*
- C. The Administrator will initial the time sheets and expense forms even though there are only eight employees. She does review all documents and is aware of time worked and expenses. These are also reviewed by the Board of Trustees at the monthly meeting.*

12. Senior Citizen Services Board
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The Senior Citizens Board vice-chairperson is the husband of a board member of a funding recipient of the Senior Citizens Board. The funding recipient received \$12,000 annually during the years ending December 31, 2002 and 2001.

To provide maximum assurance the Senior Citizens Board is acting independently and in the best interest of the taxpayers, no administrative ties should exist between members of the board and its funding recipients.

WE RECOMMEND the Senior Citizens Board ensure that Senior Citizen Board members do not have administrative ties with its funding recipients. If Senior Citizen Board members are related to individuals that serve on boards of funding recipients, they should either remove themselves from the board or ensure that the minutes of board meetings clearly indicate that they are abstaining from discussing and voting on funding requests for these entities. Such matters should be completely documented so that the public has assurance that no board members have acted improperly. The board should also consider adopting a code of conduct for board members.

AUDITEE'S RESPONSE

The Senior Citizens Board provided the following responses:

Board members who have a spouse serving on one of the providers board will abstain from voting on anything pertaining to their program.

The Senate Bill 40 Board members are appointed by the County Commission, and the members of the board elect the officers. The board elected two members, as the chairperson and treasurer who are father and daughter, respectively. The board minutes did not document whether the daughter abstained from the election of her father as the chairperson. In addition, the secretary for the Current River Sheltered Work Shop, a funding recipient of the Senate Bill 40 Board, is the wife and mother to the Senate Bill 40 Board chairperson and treasurer, respectively. The funding recipient received approximately \$60,000 annually during the years ending December 31, 2002 and 2001.

To provide maximum assurance the Senate Bill 40 Board is acting independently and in the best interest of the taxpayers, discussions and decisions concerning appointments where nepotism or a potential conflict of interest exists should be documented, and no administrative ties should exist between members of the board and its funding recipients.

WE RECOMMEND the Senate Bill 40 Board ensure Senate Bill 40 Board members abstain from voting when a relative's employment or appointment is involved. In addition, ensure that Senate Bill 40 Board members do not have administrative ties with funding recipients. If Senate Bill 40 Board members have relatives that serve on the boards of funding recipients, they should either remove themselves from the board or ensure that the minutes of board meetings clearly indicate that they are abstaining from discussing and voting on funding requests for these entities. Such matters should be completely documented so that the public has assurance that no board members have acted improperly. The board should also consider adopting a code of conduct for board members.

AUDITEE'S RESPONSE

The Senate Bill 40 Board provided the following response:

Your report indicates that the minutes did not document that the daughter abstained from the election of her father. This happened because another board member moved to reelect all of the officers by acclamation, seconded by another member other than the daughter and the motion passed by voice vote. At the time it seemed unnecessary to ask for the daughter's abstinence. At our next board meeting on the third Tuesday of October the board will discuss this issue and the Secretary will be asked to duly note that the daughter should abstain from voting for or against the father for any office. Also the father will abstain from voting for anything having to do with the daughter. Our board meetings are open to the public, the County Commissioners, and anyone else who wishes to come. It should be noted that none of the board members are compensated in any way nor have they ever been since the foundation of the SB40 Board in Ripley County.

Your report also indicates that the chairperson's wife is the secretary of the workshop board and therefore a recipient of the funding. It was true that she was Secretary of the Workshop Board. However, last night, September 15th, was the annual Workshop Meeting where the public members

nominate and elect Workshop Board members. She resigned as secretary to eliminate any possible conflict of interest. But she was nominated and overwhelmingly reelected to the board by the public vote. She consented to serve another term but not as an officer. The Current River Sheltered Workshop has a full board of eleven members and a new slate of officers.

The Ripley County SB40 Board has always had since its inception in 1988 the desire to serve the developmentally disabled people in our county. We know that to get public support that our operation must be above board in every way. We have worked hard to keep it that way and for 15 years we have done so. No one has ever questioned the integrity of the board for the 15 years of its existence. Our “code of conduct” has essentially been the “Ten Commandments” although this has not been officially designated as such. However, we will discuss the need for such a code at the next meeting in October. In any case we will strictly adhere to the law as it relates to SB40 Board operations.

In conclusion we, the SB40 Board, will make every effort to avoid conflicts due to nepotism. We will be sure to document whenever there is a vote involving related parties on the Board and between the boards involved.

Follow-Up on Prior Audit Findings

RIPLEY COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ripley County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Personnel and Payroll Policies and Procedures

Timesheets submitted by employees and approved by the employee's supervisor were not always accurate. In addition, compensatory time earned and taken was not always calculated or posted to employee's leave records correctly.

Recommendation:

The County Commission ensure accurate time sheets and leave records are maintained.

Status:

Partially implemented. Timesheets or other records of actual time worked were/are not maintained by the Assistant Prosecuting Attorney or the Emergency Management Director. In addition, leave balances and leave earned is not updated monthly by the County Clerk. See MAR finding number 3.

2. County Clerk's Accounting Controls and Procedures

- A. The County Clerk did not maintain an account book with the County Collector.
- B. Various fixed asset purchases were not recorded in the fixed asset listing. In addition, the physical inventory performed by the County Clerk was not documented, and there was no explanation of how items not included on the listing were missed.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions and the County Commission make use of this account book to verify the County Collector's annual settlements.

- B. Maintain the general fixed asset records on a current basis to reflect all additions as they occur, and periodically reconcile additions of assets to expenditures for equipment to ensure additions are properly recorded. In addition, the County Clerk should document the annual physical inventory performed and any adjustments made as a result of the physical inventory.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Not implemented. See MAR finding number 5.

3. Assessor's Accounting Controls and Procedures

- A. The Assessor's office did not detect a shortage of \$330 in receipts remitted to the County Treasurer during the period December 1997 to January 1999.
- B. Receipt slips were not prenumbered and were not issued for some monies received.
- C. The method of payment was not indicated on the receipt slips.
- D. Monies received were not remitted to the County Treasurer intact. A personal check from an employee was cashed from receipts, and a \$5 IOU from an employee was in the cash receipts.
- E. Receipts were not remitted to the County Treasurer on a timely basis, and no cash was remitted to the County Treasurer in 1998.
- F. The Assessor's office was unable to locate receipt slips for January 1997 through November 1997.

Recommendation:

The Assessor:

- A. Remit all receipts to the County Treasurer, including the \$330 that cannot be accounted for. In addition, the County Commission should review this situation and decide if further investigation is warranted.
- B. Issue prenumbered receipt slips for all monies received.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of monies remitted to the County Treasurer.

- D. Transmit all receipts intact and discontinue the practice of cashing personal checks and allowing employees to borrow from receipts with an IOU.
- E. Remit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
- F. Retain all records in accordance with the Secretary of State record retention guidelines.

Status:

- A. Partially implemented. Receipts are remitted to the County Treasurer monthly; however, the \$330 shortage was not investigated nor remitted to the County Treasurer. Although not repeated in the current report, our recommendation remains as stated above.

B,
D-F. Implemented.

- C. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. County Collector's Accounting Controls and Procedures

- A. Monies received were not deposited intact. Personal checks were cashed for county employees from the daily receipts.
- B. Monies received were not always deposited timely.
- C. Tax receipts marked paid by the County Collector's office did not consistently indicate the method of payment. In addition, the composition of tax receipts was not reconciled to the composition of bank deposits.

Recommendation:

The County Collector:

- A. Deposit all receipts intact and discontinue the practice of cashing personal checks.
- B. Deposit intact daily or when accumulated receipts exceed \$100.
- C. Indicate the method of payment on all paid tax statements and reconcile the composition of paid tax statements to the composition of deposits.

Status:

A. Implemented.

B&C. Not implemented. See MAR finding number 8.

5. Prosecuting Attorney's Accounting Controls and Procedures

A. Prenumbered receipts slips were not issued for monies received.

B. Bad check fees were not remitted to the County Treasurer by the former Prosecuting Attorney or deposited timely by the current Prosecuting Attorney.

C. If bad check restitution was received prior to court, all documentation (bad checks complaint form, and check letter, copies of money orders, etc.) was disposed of.

D. The final disposition of bad check restitution cases was not always documented.

E. The former Prosecution Attorney did not prepare case fee sheets or maintain a record for each court-ordered restitution case. Defendants were allowed to make partial payments; however, records and procedures were not adequate to ensure all payments were received and accounted for.

Recommendations:

The Prosecuting Attorney:

A. Issue prenumbered receipt slips for all monies received.

B. Deposit all monies received daily or when accumulated receipts exceed \$100.

C. Retain all records until completion of the audit.

D. Implement procedures to ensure the final disposition is documented for each bad check restitution case.

E. Maintain case fee sheets or some other adequate record for court-ordered restitution and ensure all receipts and disbursements are received and accounted for.

Status:

A&B. Not implemented. See MAR finding number 6.

C-E. Implemented.

6. Sheriff's Accounting Controls and Procedures

- A. From January 1997 to December 1997, a shortage of at least \$483 went undetected by the Sheriff's office.
- B. The duties of cash custody and record-keeping were not adequately segregated.
- C. Receipts were not deposited on a timely basis. In addition, the amount of deposits was not reconciled to the amounts contained on receipt slips written.
- D. Bank balances were not reconciled with the cash control records on a monthly basis.
- E. An open-items listing was not prepared and reconciled to the cash control record on a monthly basis.
- F. Adequate control over seized property had not been established. A complete log of seized property was not maintained and periodic inventories of the property on hand were not conducted.

Recommendation:

The Sheriff:

- A. Remit all receipts to the County Treasurer. In addition, the County Commission should obtain \$483 from the former Sheriff that cannot be accounted for and review this situation and decide if further investigation is warranted.
- B. Implement procedures to segregate cash custody and recording functions and ensure there is supervisory review of the work performed.
- C. Deposit all monies received daily or when accumulated receipts exceeds \$100. In addition, reconcile the amount of the deposit including the cash/check composition of the deposit to the cash/check composition of the receipt slips.
- D. Perform monthly bank reconciliations and reconcile to the cash control balance.
- E. Prepare a monthly listing of open items and reconcile it to the cash balance.
- F. Maintain a complete inventory record of all seized property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.

Status:

A. Partially implemented. Receipts are remitted to the County Treasurer monthly; however, the \$483 shortage was not obtained from the former Sheriff. Although not repeated in the current report, our recommendation remains as stated above.

B, D

& E. Implemented.

C&F. Not implemented. See MAR finding number 7.

7. Senior Citizens' Board

The Senior Citizens' Board handled a bank account which was used for miscellaneous items such as insurance and advertising expenses, and there appeared to be no statutory authority that allowed the board to maintain a bank account outside the county treasury.

Recommendations:

The Senior Citizens' Board maintain all monies with the County Treasurer.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RIPLEY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Ripley was named after General Eleazer W. Ripley of the War of 1812. Ripley County is a county-organized, third-class county and is part of the Thirty-Sixth Judicial Circuit. The county seat is Doniphan.

Ripley County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 392 miles of county roads and 53 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,458 in 1980 and 13,509 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 47.9	47.2	43.3	42.2	30.9	11.7
Personal property	16.5	16.6	16.2	14.9	4.0	4.5
Railroad and utilities	4.9	5.1	5.0	4.8	2.5	2.7
Total	\$ 69.3	68.9	64.5	61.9	37.4	18.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ripley County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$.3082	.3082	.3100	.3100
CART (Special Road and Bridge) Fund*	N/A	N/A	N/A	N/A
Health Center Fund	.1497	.1491	.1500	.1500
Senate Bill 40 Board Fund	.0998	.0994	.1000	.1000
Senior Citizens Fund	.0499	.0497	.0500	.0500

* The county has nineteen special road districts that receive the tax collections from property within each district. All of this levy is retained by the road districts.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	21,271	21,462	19,910	19,167
General Revenue Fund	223,050	225,667	210,265	202,124
Special Road Districts Fund	255,083	255,106	224,791	215,058
Assessment Fund	39,083	39,411	36,362	35,003
Health Center Fund	104,102	104,683	97,616	94,005
Senate Bill 40 Board Fund	68,443	68,785	64,095	61,683
School districts	1,916,935	1,936,282	1,794,545	1,723,603
Library district	142,503	124,636	116,029	111,205
Ambulance district	104,764	121,575	112,840	109,109
Hospital	205,432	206,475	192,340	185,147
Junior College	170,388	171,967	159,636	153,676
Fourchee Creek O & M	3,404	4,446	3,932	3,812
Naylor Drainage	44,002	44,138	11,666	11,861
Senior Citizens Fund	34,216	34,401	32,069	30,863
Tax sale costs	863	1,166	859	498
Tax sale surplus	8,758	14,058	15,668	21,328
Cities	9,262	9,632	9,298	8,956
County Clerk	1,231	1,228	1,184	1,216
County Employees' Retirement	27,131	29,071	29,448	20,142
Tax Maintenance Fund	4,986	0	0	0
Commissions and fees:				
General Revenue Fund	56,555	57,028	54,257	50,449
County Collector	887	898	236	229
Total	<u>\$ 3,442,349</u>	<u>3,472,115</u>	<u>3,187,046</u>	<u>3,059,134</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	90.1	90.8	89.3	90.3 %
Personal property	86.8	87.3	87.1	87.4
Railroad and utilities	100.0	100.0	100.0	100.0

Ripley County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
Law Enforcement Sales Tax	\$.0050	None	None %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
William Kennon Jr., Presiding Commissioner	\$	24,440	23,120	23,120	23,120
Jesse Roy, Associate Commissioner		22,440	21,120	21,120	21,120
Jerry Halley, Associate Commissioner		22,440	21,120		
Ray Joe Hastings, Associate Commissioner				21,120	21,120
Becky York, County Clerk		34,000	32,000	32,000	32,000
Christopher J. Miller, Prosecuting Attorney		41,000	39,000	39,000	39,000
Michael P. Cochran, Sheriff		39,000	38,000	34,000	34,000
Bob Featherston, County Treasurer		25,160	23,680	23,680	23,680
Mike Jackson, County Coroner		9,500	9,000		
Howard L. Jackson, County Coroner				6,000	6,000
Corine Dean, Public Administrator (1)		20,000	20,000	14,877	13,128
Jerry Martin, County Collector (2), year ended February 28 (29),	34,887	32,898	32,236	32,229	
Tom Skaggs, County Assessor (3), year ended August 31,		34,900	32,900	32,900	32,900
William (Troy) Ayers, County Surveyor (4)					

(1) Includes fees received from probate cases totaling \$6,877 and \$5,128 in 2000 and 1999, respectively.

(2) Includes \$887, \$898, \$236 and \$229, respectively, of commissions earned for collecting drainage ditch taxes for Naylor.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Roberta Belcher, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	46,126	44,292
James R. Hall, Associate Circuit Judge		96,000	96,000	97,382	87,235

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